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## **AHFME ACADEMIC MEMBER 2002 TOTAL ANNUAL EARNINGS SURVEY**

**Raymond S. Schmidgall**

### **ABSTRACT**

This study was conducted to determine the 2002 annual earnings of hospitality financial management educators. Forty-six percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$38,000 to \$172,000. The lowest-paid member is an instructor while the highest-paid member is a full professor. Most respondents supplement their base salaries by both teaching during summer school and consulting. The total annual earnings of members ranged from \$43,000 to \$245,000. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

### **The 2002 Survey**

Financial management educators are respected as teachers and researchers, but how well are they paid by their institutions? Further, how much additional income do they earn from their employers beyond their annual salaries? What are their external earnings? How have their total earnings changed over the past few years? How satisfied are they with their salaries and their professional careers? In order to determine answers to these questions and others, a questionnaire was mailed to the 65 educator members of AHFME in February 2003. This article is based on the response of 30 (46%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 11 associate professors and 10 professors followed by six assistant professors and two instructors. Eight (27%) of the respondents were administrators of hospitality programs. The locations of the respondents' academic units were separate colleges, colleges of business and human ecology, and other colleges. The highest degree granted by the universities of the respondents for the hospitality discipline ranged from a bachelor's degree to a Ph.D.

Other characteristics of respondents included the following:

- Sixty-three percent of the respondents were employed by public universities while 37% were employed by private universities.
- Seven percent of the respondents were female and the remaining 93% were male.
- The specializations of respondents included ten in accounting (33%), five in cost control (17%), eight in finance (27%), and the remaining seven (23%) in other areas. Other areas of expertise indicated by AHFME members include information technology, real estate, business development, and tourism.

- The highest degree earned by respondents varied from three members with a master's degree to 27 with doctorates.

Table 1  
Selected characteristics of the respondents

<b>Part A</b>	
<b>Faculty Rank</b>	<b>%</b>
Instructor	7%
Assistant Professor	20%
Associate Professor	37%
Professor	33%
Other	3%
<b>Total</b>	<b>100%</b>
<b>Part B</b>	
<b>Department Location</b>	
Human Ecology	17%
Separate College	23%
Business	27%
Other	23%
<b>Total</b>	<b>100%</b>
<b>Part C</b>	
<b>Highest Hospitality Degree</b>	
Bachelor's	23%
Master's	33%
Ph.D.	43%
<b>Total</b>	<b>100%</b>

Three respondents had earned a CPA, five the CHAE, and four members had other professional certifications such as the CHTP, FMP from NRA, CHE, and CHA.

Respondents, on average, have been with their *current* institutions 12 years. Two (7%) have less than four years with their current institutions while six (20%) have more than 20 years. Seven (23%) have 4 to 9 years of experience and eleven (37%) have 10 to 17 years of experience. The average duration of employment with education organizations was 16.23 years; thus, on average, respondents have been with their current institutions for 74% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (four respondents) to over 20 years. The median response was 7.5 years. Sixteen reported less than ten years, 8 reported between 10 to 20 years, and six reported 20 or more years.

### Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$38,000 to \$172,000. The mean average salary was \$87,250 and the largest groups of respondents received between \$60,001 and \$70,000 and greater than \$100,000 as shown in Table 2.

Table 2  
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$50,000	2	7
\$50,000-\$60,000	3	10
\$60,001-\$70,000	8	27
\$70,001-\$80,000	4	13
\$80,001-\$90,000	4	13
\$90,001-\$100,000	1	3
>\$100,000	8	27
<b>Total</b>	<b>30</b>	<b>100%</b>

As shown in Table 3, the range of mean annual salaries varies from \$48,800 for instructors to \$115,348 for full professors. Eight respondents, who indicated they were administrators, reported salaries ranging from \$38,000 to \$172,000 with an average of \$89,263.

Table 3  
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	2	\$38,000-\$59,600	\$48,800
Assistant Professor	6	52,000-120,000	74,405
Associate Professor	11	40,000-125,000	76,818
Professor	10	72,000-172,000	115,348

The range and average salary by the location of respondents' academic units are shown in Table 4.

Table 4  
Salaries by location of academic unit

Location	Number of Respondents	Range	Mean
Business College	11	\$59,600–\$140,000	\$88,043
Human Ecology	5	52,000–120,000	80,200
Separate College	7	61,128–160,000	104,575
Other Colleges	7	38,000–172,000	73,714

Based on the above tabulation, the range of average salaries by the location of academic unit is \$30,861. AHFME members "located" in separate colleges earn the highest average salaries, while those faculty whose hospitality programs are located in other colleges have the lowest average salaries. Average annual salaries of faculty in business colleges and human ecology fall between these two.

The ranges and averages of salaries by specialization are shown in Table 5. AHFME members reported three major specializations: accounting, cost control, and finance. Four respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in accounting.

Table 5  
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	10	\$59,500–\$160,000	\$99,148
Cost Control	5	67,000–90,000	73,280
Finance	8	40,000–125,000	72,079
Other	7	38,000–172,000	97,571

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries and professional careers. First, four (13%) indicated they were very satisfied with their annual salaries, while 20 (67%) revealed that they were reasonably satisfied. The remaining six (20%) indicated some degree of dissatisfaction; four were dissatisfied while one indicated he/she was very and terribly dissatisfied, respectively. Clearly, the majority of AHFME respondents are satisfied with their salaries. With regard to their careers, 15 respondents (50%) indicated they were very satisfied, while the remaining 15 (50%) indicated reasonably satisfied.

### ***Additional Compensation***

Twenty-five of the respondents (83%) indicated they received additional compensation from their universities. This compensation often (12 of the 25) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$4,000 to \$21,000. The average (mean) summer school compensation was \$12,167 while the median amount was \$10,500. Five respondents were paid by their universities on an overload basis which ranged from \$3,724 to \$15,000. The median and mean amounts were \$12,000 and \$10,945, respectively. Another fifteen respondents received "other compensation" from their universities. These amounts ranged from \$2,000 to \$27,600 while the median and mean were \$10,000 and \$11,300, respectively. Some examples of this other compensation included pay for distance education, and grants.

The total additional income received by these AHFME members from their universities ranged from \$2,000 to \$45,600. The median was \$11,000 while the mean was \$14,809. The total earnings from universities, including salaries and additional income, ranged from \$38,000 to \$175,000. The median and mean were \$85,000 and \$99,591, respectively.

### ***External Earnings***

AHFME members were further queried regarding their earnings from sources external to their institutions. Choices included on the questionnaire were honorariums, royalties, consulting fees, and other. Table 6 contains a summary of members' responses. Consulting was the most common source of noninstitutional income, as 14 members (47%) earned an average of \$10,000 per year. Six members reported being paid honorariums and six reported royalties. Six members had other income sources. In total, 22 (73%) of the AHFME reporting academic membership earned income from external sources, ranging from \$600 to \$70,000. The average external earnings for respondents reporting external earnings was \$21,164.

Table 6  
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	6	\$600-\$15,000	\$1,750	\$4,267
Royalties	6	2,000-40,000	10,000	15,000
Consulting	14	1,000-50,000	10,000	12,143
Other	6	20,000-50,000	22,500	9,474
All Sources	22	600-70,000	11,500	21,164

### ***Total Earnings***

The average annual total earnings of reporting AHFME members was \$115,111. The range of total earnings is \$43,000 to \$245,000. Sixteen individuals (53%) reported total

earnings in excess of \$100,000. Table 7 reveals the total average earnings of AHFME members by faculty rank. As expected, full professors have the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors of \$75,200 and full professors' average earnings of \$135,316 was \$60,116. AHFME members who are full professors earn an average of 80% more than assistant professors. However, this research also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 7  
Total earnings by faculty rank

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Instructor	2	\$43,000–\$63,324	\$53,162	\$53,162
Assistant Professor	6	54,500–184,400	90,621	75,200
Associate Professor	11	50,000–200,000	103,732	86,500
Professor	10	100,000–245,600	152,623	135,316

A comparison of the average salary by faculty rank and total earnings by rank is shown in Table 8.

Table 8  
Comparison of average salaries and total earnings by faculty rank

	Average Base Salary	Average Total Earnings	Diff. \$	Diff. %
Instructor	\$48,800	\$53,162	\$4,362	9
Assistant Professor	74,405	90,621	16,216	22
Associate Professor	76,818	103,732	26,914	35
Professor	115,348	152,623	37,275	32
Administration	89,263	104,841	15,578	18

The higher the faculty rank, the larger the difference between the base salary and total earnings. The differences as shown above are in both absolute and relative terms. Assistant professors on the average earned \$16,216 more than their base salaries, which was a 22% difference, while the full professors' annual total earnings were \$152,623, which was 32% greater than their average base salaries of \$115,348. Responding members who are associate professors had a 35% increase in compensation. Administrators, who have twelve-month contracts, generally have less time than the tenured professors to increase their total earnings beyond their salaries. The difference was \$15,578 or 18%—a smaller percentage difference than those for any faculty rank.

The average nonsalary earnings and average total annual earnings by areas of specialization are shown in Table 9. The average total annual earnings by area of specialization varied significantly. The average nonsalary earnings is only for the number of recipients in each category. The average nonsalary earnings of respondents specializing in other areas exceeds those specializing in accounting, cost control, and finance.

Table 9  
Nonsalary earnings and total earnings by area of specialization

Specialization	Average Nonsalary Earnings	Average Total Annual Earnings
Accounting	\$25,200	\$139,658
Cost Control	5,000	84,980
Finance	15,125	97,406
Other	9,657	121,800

### *Comparisons to Prior Years*

Similar studies of total annual earnings of AHFME members were conducted for 1989–2001.<sup>1</sup> A brief comparison of the results is shown in Table 10. Overall, salaries increased from 1989–1991, dropped slightly in both 1992 and 1993, increased significantly from 1994 to 1996, dropped slightly in 1997, and then have increased annually for 1998 through 2002.

<sup>1</sup> See Schmidgall, R. S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1–11.



Table 10  
Comparative salaries and total earnings, 1989–2001

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Average Annual Salaries	\$43,000	\$50,820	\$51,613	\$51,491	\$51,428	\$57,390	\$59,263	\$70,473	\$68,827	\$70,125	\$70,434	\$74,259	\$77,619	\$87,250
Average Total Annual Earnings	65,415	69,106	68,642	66,479	70,460	75,128	74,106	88,186	93,533	89,825	96,620	97,373	102,456	115,111
	Average total earnings by faculty rank:													
Instructor	\$38,250	\$39,400	\$40,765	\$43,760	\$43,000	\$27,000	\$37,337	NA	\$29,000	\$75,500	\$12,000	\$73,333	\$40,000	\$53,162
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360	64,875	66,583	61,938	79,967	90,621
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729	85,335	103,070	92,727	89,561	103,732
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408	126,447	127,082	131,618	148,803	152,623
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775	91,943	93,805	91,191	104,841

\*Not included in the 1989 survey.

### ***Comparisons to Others***

It is interesting to compare the above results to the average compensation of financial executives in the hospitality industry and to other educators. The annual compensation projected for HFTP members including salary, deferred compensation, and bonuses for 2002 by position was as follows:<sup>2</sup>

Accounting Manager	\$56,845
Assistant Controller	60,646
CFO	129,100
Consultant	93,917
Controller/Comptroller	81,744
Corporate Controller	111,451
IT Director	112,354
Regional Controller	96,875
VP Finance	163,275
CIO	110,000

The Chronicle of Higher Education reported average salaries for 2001–2002 by faculty rank across all institutions with academic ranks as follows:<sup>3</sup>

Professor	\$83,282
Associate Professor	59,496
Assistant Professor	49,505
Instructor	36,620

Clearly, hospitality financial management professors appear to be compensated more generously than educators in general and many counterparts in the hospitality industry.

### **Summary**

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$87,250. The average salary varied by rank from \$48,800 for instructors to \$115,348 for full professors. AHFME members specializing in "accounting" topped the list.

Eighty-three percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$14,809.

The most common source of external earnings was consulting. Seventy-three percent of the respondents reported external earnings that averaged \$21,164.

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<sup>2</sup> Countryman, Cary and Agnes DeFranco. "Compensation and Benefits Survey 2002." *The Bottomline*, October/November, 2002, 11-32.

<sup>3</sup> What Professors Earn ([www.chronicle.com/free/V48/i32/4832aaup.htm](http://www.chronicle.com/free/V48/i32/4832aaup.htm)).

The total annual earnings that respondents reported for 2002 ranged from \$43,000 to \$245,600. The average was \$115,111. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from a 9% increase for instructors to a 35% increase by full professors.

Finally, 80% of the respondents reported some degree of satisfaction with their salaries while the remaining 20% reported some degree of dissatisfaction. With regard to their professional careers, 100% reported some degree of satisfaction.

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